

Mr. Randy Patterson  
November 9, 1994  
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We have attempted, through our recent correspondence between Yates and Tom Kellahin, to demonstrate our deep concern over this issue and our belief that a second well is not only improper at this time but represents an inequity in the sharing of production based on the 300% penalty. We are advised by Mr. Kellahin that Yates is nevertheless requiring an election with regard to the drilling of the well. This places NEC in an inappropriate position of forcing a well election by NEC contrary to what we believe to be the terms of the Operating Agreement.

As it is our desire to fully comply with the provisions of the Operating Agreement, NEC hereby elects to be a consenting party in the drilling of the Tackitt "AOT" #1. A signed AFE is enclosed.

Yours truly,



Charles E. Nearburg

CEN:dcg  
Enclosure

cc: Rand Carroll, Attorney, NMOCD  
Jim Morrow, Chief Petroleum Engineer, NMOCD  
David Catanach, Petroleum Engineer, NMOCD  
Michael Stogner, Petroleum Engineer, NMOCD  
OCD Artesia Office  
OCD Hobbs Office